

Message Text

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ORIGIN EB-08

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TAGS: EAIR, GW

SUBJECT: CIVAIR: US-FRG AVIATION TALKS

REF: BONN 10022

1. SUMMARY. US-FRG TALKS WERE SUSPENDED ON JUNE 8
WITHOUT IMMEDIATE AGREEMENT. TALKS TO RECONVENE IN BONN
IN LATE AUGUST OR EARLY SEPTEMBER. JOINT PRESS STATEMENT
IN SEPT. SOME PROGRESS APPEARED TO HAVE BEEN MADE IN
MOVING TOWARDS MORE LIBERAL REGIME, BUT FRG WAS VERY
CAUTIOUS ABOUT FARES AND CHARTER ASPECTS OF US POSITION.
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US FOUND UNACCEPTABLE AN FRG PROPOSAL FOR SHORT-TERM
AGREEMENT THAT WOULD HAVE INCLUDED MODEST LIBERALIZATION
BY FRG ON FARES AND CHARTERS IN EXCHANGE FOR TWO NEW US
POINTS.

2. A FULL DELEGATION REPORT WILL FOLLOW, AND THEREFORE
FOLLOWING WILL NOTE ONLY HIGHLIGHTS OF TALKS. AS PRE-

DICTED IN REFTEL (WHICH USDEL FOUND VERY HELPFUL), FRG OPENED WITH MODIFIED "OPEN SKIES" PROPOSAL ON THIRD AND FOURTH FREEDOM TRAFFIC. INDICATED GENERAL RECEPTIVITY TO PROPOSED US AVIATION POLICY STATEMENT, ALTHOUGH HAD RESERVATIONS ON ISSUE OF MULTIPLE DESIGNATION.

3. US RESPONDED FIRST BY OBSERVING THAT PROPOSED POLICY STATEMENT WAS UNDERGOING PUBLIC HEARINGS LATER THIS MONTH, AND SO US POSITION HAD TO BE TENTATIVE IN NATURE. NEVERTHELESS, US WAS WILLING TO CONSIDER SERIOUSLY THE FRG REQUEST FOR ACCESS TO ALL US POINTS. BUT IN EXCHANGE AND IN ORDER TO DEVELOP A PACKAGE THAT WOULD BE SALEABLE IN US, WE WOULD NEED THE FOLLOWING: FREEDOM FOR US CARRIERS TO INITIATE ANY FARES THAT HAD USG SUPPORT; FULL CHANGE-OF-GAUGE RIGHTS IN FRG, INCLUDING "Y" OPERATIONS; COUNTRY-OF-ORIGIN CHARTER RULES PLUS GUARANTEES THAT FRG RULES WOULD NOT BE MORE RESTRICTIVE THAN CERTAIN AGREED CRITERIA; EXPANDED US FIFTH FREEDOM RIGHTS; FULL GUARANTEES THAT US RIGHT OF MULTIPLE DESIGNATION WOULD BE HONORED BY FRG; UNLIMITED COTERMINAL RIGHTS. GERMAN CARRIERS WOULD AS A RESULT BE GIVEN ACCESS TO ALL US POINTS, WITH COTERMINAL RIGHTS, AS WELL AS FULL FARES AND CHARTER FLEXIBILITY.

4. APPARENT LUFTHANSA CAUTION ABOUT US FARES AND CHARTER PROVISIONS CAUSED FRG DEL TO ABRUPTLY SHIFT GEARS ON LIMITED OFFICIAL USE

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SECOND DAY OF TALKS. FRG URGED THAT PARTIES PUT ASIDE POSSIBILITY OF IMMEDIATE LONG-TERM CHANGES IN BILATERAL AND SHOULD INSTEAD INVESTIGATE INTERIM CHANGES FOR A TWO-YEAR PERIOD. FRG OFFERED TO APPROVE PAN AM BUDGET FARE FOR EX-US TRAFFIC AND ACCEPT CHARTER RULES ALONG LINES OF US-UK AGREEMENT, IN EXCHANGE FOR WHICH GERMANY WOULD GET TWO ADDITIONAL US POINTS (PRESUMABLY MIAMI AND ATLANTA). US INDICATED THAT IT COULD NOT ACCEPT SUCH A SHORT-TERM PROPOSAL, FOR BY THEIR NATURE ROUTE RIGHTS WERE PERMANENT AND VALUABLE AND YET FRG CONCESSIONS ON FARES AND CHARTERS WERE BOTH MODEST AND TEMPORARY. WE URGED INSTEAD THAT BOTH SIDES REEVALUATE POSITION ON LONG-TERM ISSUES, AND MEET IN A FEW MONTHS TO SEE IF FURTHER PROGRESS CAN BE MADE.

5. USDEL URGED THAT, PRIOR TO NEXT TALKS, FRG CONSIDER SOME DEGREE OF LIBERALIZATION OF ITS CHARTER RULES ON A UNILATERAL BASIS. (US HAD ALREADY MADE UNILATERAL CHANGES IN ITS RULES.) NO COMMITMENTS WERE GIVEN, BUT THERE IS SOME INDICATION GERMANS WILL AT LEAST SHOW SOME FLEXIBILITY IN APPLYING THEIR RULES TO EX-US TRAFFIC.

6. TALKS WERE VERY FRIENDLY AND POSITIVE IN TONE, WITH ONE EXCEPTION OF IMPLIED FRG THREAT THAT IF SEPTEMBER TALKS WERE UNPRODUCTIVE THEN ADVERSE ACTION AGAINST PAN AM FIFTH-FREEDOM OPERATIONS COULD BE EXPECTED. US RESPONDED ONLY BRIEFLY, SAYING THAT FOR LAST TEN YEARS THE US-FRG BILATERAL HAD RESULTED IN FRG CARRIERS DOING FAR BETTER

THAN US CARRIERS, AND HASTY FRG REACTION TO THE RECENT MOVEMENTS TOWARDS A BALANCING OF ECONOMIC BENEFITS WOULD BE HIGHLY INAPPROPRIATE.

7. QUESTION OF PAN AM/SEABOARD CUSTOMS DISPUTE COVERED IN SEPTTEL.

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8. INFO HAGUE: CONSISTENT WITH US-DUTCH PROTOCOL, USDEL MAINTAINED THAT US-FRG BILATERAL FARES PROVISION SHOULD BE MODIFIED TO REQUIRE ACCEPTANCE OF MATCHING FARES BY THIRD-FLAG CARRIERS. ADDITIONALLY, ON IMMEDIATE ISSUES THE HOLIDAY FARES SHOULD BE MADE AVAILABLE ON SAME BASIS. NO PROGRESS YET IN OBTAINING FRG MOVEMENT ON THESE ISSUES. VANCE

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